

## **Underpayment of Estimated**

0302118...

Tax by Individuals, Estates or Trusts
Enclose with your Form 1040ME or Form1041ME
(See instructions on back)

For	calendar year 2003 or fiscal year beginning		, 2003 and er	nding		,				
Nan	ne(s) as shown on Form 1040ME or 1041ME				Your SSN or EIN					
Par	t I — Calculating Your Underpayment			L						
1.	2003 tax. (Form 1040ME - line 26 minus line 28d or Form 1041ME - line	6)			<b>1.</b>					
2.	Multiply tax on line 1 by 90% (66 2/3% for farmers and fishermen)				<b>2.</b>					
3.	03 Maine Income Tax Withheld, line 28a, Form 1040ME or line 7a, Form 1041ME									
4.	Subtract line 3 from line 1. If the result is less than \$1,000, do not comp	otract line 3 from line 1. If the result is less than \$1,000, do not complete or file this form								
5.	2002 tax (if short year, enter the amount from line 2), line 26 minus line 28d, 2002 Form 1040ME or line 6, 2002 Form 1041ME.  15  16  17  18  19									
6.	Enter the smaller of line 2 or line 5				6.					
7.	Multiply the amount on line 6 by .25 (To compute the amount for line 9).	Ente	r result here		<b>7.</b>					
8.	Due dates for estimated tax payments	R	A April 15, 2003	B June 15, 2003	C Sept. 15, 2003	D Jan. 15, 2004				
9.	Estimated tax due. Enter amount from line 7 above or line 25 of annualized worksheet under each payment due date		,	,	. ,	,				
10.	Less tax payments. a. Tax withheld (Enter 25% [0.25] of line 3 in each column)	10a.								
	b. Estimated tax paid1	10b.								
	c. Amount carried forward (overpaid) from line 11b, previous column. For column A, enter credit carried forward from previous tax year 1	10c.								
	<b>d. Total.</b> Add lines 10a, 10b and 10c	10d.								
11.	Subtract line 10d from line 9	11.								
	a. If line 9 is larger than line 10d, enter the <u>underpayment</u> here 1	11a.								
	<b>b.</b> If line 10d is larger than line 9, enter <u>overpayment</u> here 1	11b.								
Par	t II — Calculating the Penalty — For Quarters with entries on line 11	1a								
12.	Enter date of payment of the underpayment on line 11a or the 15th day of the fourth month after close of taxable year, whichever is earlier	12.								
13.	Number of months from due date of installment (line 8) to date shown on line 12. A part of a month is considered a whole month	13.								
14.	Enter the rate from the table on back	14.								
15.	Underpayment Penalty — Multiply underpayment on line 11a by the rate on line14	15.								
16.	Total of amounts shown on line 15. Enter result here and on Form 1040M (If zero, do not file this form. However, if you used the annualized in					y amount is zero.)				
17.	Check here and on line 35b, Form 1040ME or line 8b, Form 1041ME, i	if you	use the annualized in	ncome installment m	ethod	17.				

## **FORM 2210ME INSTRUCTIONS**

Purpose of Form. Use this form to see if you must pay a penalty for underpaying your estimated tax or paying your estimated tax late. Use Part I to see if you paid enough estimated tax on time. If you did not, use Part II to calculate the penalty on any underpayment.

Who Must Pay the Underpayment Penalty? In general, you will owe an underpayment penalty if your 2003 tax liability less allowable credits and withholding is \$1,000 or more and your 2002 tax liability was \$1,000 or more.

You will not owe an underpayment penalty or need to file this form if your 2003 tax liability reduced by allowable credits and Maine income tax withheld is less than \$1,000, or your 2002 tax liability was less than \$1,000. Even though you are required to file this form, you will avoid the underpayment penalty if you paid at least 90% of the 2003 tax on time.

**Farmers and Fishermen.** If you are a farmer or fisherman who files an income tax return and pays the tax liability in full on or before March 1 of the following year, no penalty is due.

Payment Method. Individuals must make <u>four (4) equal installment payments</u> of estimated tax unless they can document the actual liability for each required installment of estimated tax.

Use the <u>actual liability method</u> if your income varied during the year because, for example, you own a seasonal business or the majority of your income was received in one payment. *Using this method may lower or eliminate the amount of your quarterly estimated tax payments.* To calculate your actual liability, complete the Annualized Installment Worksheet for each payment due date and check the box on line 17 on this form and on **Form 1040ME**, **line 35b** or **Form 1041ME**, **line 8b**.

**NOTE:** Forms are available at <a href="https://www.maine.gov/revenue">www.maine.gov/revenue</a> or call 207-624-7894.

Computation of Underpayment Penalty. Calculate the penalty on the amount of the underpayment of each installment for the period of underpayment. The penalty rate for calendar year 2003 is 0.583% per month or fraction thereof, compounded monthly. For calendar year 2004, the penalty is 0.500% per month or fraction thereof, compounded monthly. Enter on line 14 the appropriate rate from the table below that corresponds to the number of months shown on line 13. Multiply the underpayment on line 11a by the rate on line 14 and enter the result on line 15. Do not calculate the penalty for the 4th required payment if the tax return for the taxable year is filed and the tax is paid in full by January 31.

## Fiscal-year filers may not use the table below.

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Number of Months shown on Line 13	1	2	3	4	5	6	7	8	9	10	11	12
Enter this Rate on line 14, column A	.005833	.011701	.017602	.023538	.029509	.035514	.041555	.047631	.053742	.059011	.064306	.069627
Enter this Rate on line 14, column B	.005833	.011701	.017602	.023538	.029509	.035514	.041555	.046763	.051996	.057256		
Enter this Rate on line 14, column C	.005833	.011701	.017602	.023538	.028656	.033799	.038968					
Enter this Rate on line 14, column D	.005000	.010025	.015075									